

### § 112 Rejections

Claim 10 was rejected by the examiner for failing to meet the requirements of § 112, second paragraph due to insufficient antecedent basis. Claim 10 is amended as follows:

The method of claim 9, wherein said -- indemnification is a -- financial instrument [is] designed to protect against loss associated with interruptions in the delivery of said second tier commodity. Antecedent basis is thus provided.

### § 101 Rejections

The Examiner rejected Claims 1-8 and 13-15 under § 101 as directed to non-statutory subject matter, citing MPEP § 2106. Section § 2106 cites *State Street Bank & Trust co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998). A USPTO White Paper entitled *Automated Financial or Management Data Processing Methods (Business Methods)*, published on the PTO web site points out that “the *State Street* decision triggered an awareness of the ‘business method claim’ as a viable form of patent protection. . . . Such patents express the practical application (useful, concrete and tangible result) of technology that is the essence of an innovation. This segment of Class 705 is transitioning away from technology towards the end result the inventor is attempting to achieve with that technology.” (*Business Methods* White Paper at p. 9). In the *State Street* case, the Federal Circuit explicitly allowed business method patents, ruling that “such claims should be treated like any other process claim.” *Id.* at 1377.

Claims 1-8 and 13-15 recite steps to implement a process of selling tier-priced commodities at reduced risk and cost to the purchaser and increased efficiency for the seller. As claims directed to a process, the claims recite an invention within the scope of statutory subject matter defined in § 101.

Section 2106 requires “a practical application of the claimed invention, i.e., why the applicant believes the invention is useful.” The invention is useful because it provides a means of selling tier-priced commodities at reduced risk and cost to the purchaser and increased efficiency for the seller. The claimed invention thus meets the requirements of § 2106.

The lack of a limitation requiring use of a computer to practice the invention does not negate patentability. For example, claims 1-8 and 13-15 could be implemented via a telephone network staffed by operators using an entirely manual information retrieval system for obtaining and providing pricing information. Reliance upon a computer database and/or interface is thus not required to practice the invention. Again, as a process the claims recite an invention within the scope of statutory subject matter defined in § 101.

### **§ 103 Rejections**

Claims 1-15 were rejected under § 103(a). The rejections each rely on assertion of information Officially Noticed by the Examiner. Section 2144.03 allows the Examiner, *if justified*, to take Official Notice of information that is widely known in the art. However, when the Applicant disputes the Examiner’s assertion that the Officially Noticed facts are well known, §2144.03 requires the Examiner to cite a reference in support of his or her position.

If the disputed facts are within the personal knowledge of the Examiner, “the data should be stated as specifically as possible, and the facts must be supported, when called for by the Applicant, by an affidavit from the Examiner. Such an affidavit is subject to contradiction or explanation by the affidavits of the Applicant and other persons. See 37 CFR 104(d)(2).”

The USPTO White Paper entitled *Formulating and Communicating Rejections under 35 U.S.C. 103 for Applications Directed to Computer-Implemented Business Method Inventions*,

published on the PTO web site states that “the examiner may take official notice of facts outside of the record which are capable of instant and unquestionable demonstration as being ‘well known in the art’ . . . this practice is to be applied sparingly. It is always incumbent upon the examiner to find a reference to support a rejection.” (§ 103 White Paper at p. 7).

The Applicant does not believe the asserted facts Officially Noticed are admissible prior art and therefore requests that the Examiner support these assertions either by affidavit or citation to reference as required under § 2144.03 and Rule 104(d)(2).

In rejecting claim 1, the Examiner took Officially Notice that customers are commonly offered optional indemnity contracts when making purchases. The Applicant does not agree that offering such an indemnity contract with the purchase of tier-priced commodities is commonly known or practiced. The offered example of an extended warranty on a television does not render the claim obvious because a television is not a commodity. The Applicant therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

In rejecting claim 2, the Examiner took Official Notice that a seller provides a means to sell the product to the customer. The Applicant disputes that it is commonly known in the prior art to offer for sale, accept offers, and sell tier-priced commodities to customers bundled with indemnification against losses associated with the purchase of said commodity from a single source. The claimed system is preferable to the buyer over prior art systems because it dispenses with the necessity of searching two separate markets, one for commodities, one for indemnification against specific losses associated with the purchase of said commodity. The claimed system is preferable to the seller over prior art systems because the buyers’ incentives,

recited above, maximizes the number of buyers available at a single location, thereby ensuring the highest selling price as well the lowest transaction cost for the seller. Alternatively, instead of maximizing selling price, the subject invention can function to remove entry barriers in industries, such as the power industry, which have recently been deregulated. In this manner, the subject invention can stimulate competition in these now deregulated markets by, for example, facilitating competitive prices by newcomer sellers, as opposed to the highest profits. The Applicant therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

Claim 3 was rejected by the Examiner after taking Official Notice that brokerage firms hold contract rights for customers. The Applicant disputes the Examiner's assertion that this renders the claimed system obvious. It would not have been obvious to provide a system wherein ownership of the financial instrument is not held by the customer because the claimed system provides a novel system wherein the buyer is able to select among multiple offers by commodity suppliers bundled with indemnification against risk associated with such purchase, enabling the buyer to directly compare the entire cost associated with the transaction, thereby minimizing cost, risk, and transaction cost. The indemnity provider is able to provide indemnification to multiple customers at minimized transaction costs and maximized profits. The Applicant therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

Claim 4 was rejected by the Examiner after taking Official Notice that contract rights are often transferred to a customer in commodities trading. The Applicant disputes the assertion that it is widely known in tier-priced commodities trading to transfer ownership of an indemnifying

financial instrument to a customer to protect against certain kinds of losses. The claimed system is not obvious because it not only reduces the transaction burden to the broker, it also reduces the transaction cost to the buyer and seller. The buyer is able to obtain multiple offers to sell commodities as well as indemnification against losses associated with the transaction at a single source, thereby allowing direct comparison of the entire cost of the transaction from a single source. The seller benefits from the claimed system because the incentives provided to buyers ensures that the maximum number of offers to buy will be received by the seller at a single source, thereby maximizing the selling price (or resulting in competitive pricing for newcomer sellers) and minimizing the transaction cost. The Applicant therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

The Examiner rejected claim 5 after asserting that insurance policies protecting against risk are well known. The Applicant does not agree that it is well known to use an insurance policy as a financial instrument to protect against certain losses while purchasing tier-priced commodities. The example of people having easy access to insurance companies is not relevant because most people do not have access to insurance companies offering indemnity against specific types of losses associated with the purchase of tier-priced commodities. The Applicant therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

The Examiner rejected claim 6 after asserting that hedge contracts protecting against risk are well known. The Applicant does not agree that it is well known to use hedge contracts as a financial instrument to protect against certain losses while purchasing tier-priced commodities.

The example of people having easy access to brokerage firms is not relevant because most people do not have access to brokerage firms offering indemnity against specific types of losses associated with the purchase of tier-priced commodities. The Applicant therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

As to the Examiner's rejection of claims 7 and 8, the Applicant asserts that claim 1, upon which claims 7 and 8 depend, is patentable and, therefore, once the rejection of claim 1 is overcome, the rejections of claims 7 and 8 will also be overcome.

As to the Examiner's rejection of claim 9 upon the same grounds asserted in rejecting claims 1, 2, and 4, the Applicant disagrees with these rejections for the same reasons stated in response to those rejections, and therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

The Examiner also rejected claim 9 as obvious on the same grounds as claims 1, 2, and 4. The Applicant disagrees with the assertion of obviousness and directs the Examiner's attention to the responses to claims 1, 2, and 4, above.

The Examiner also took Official Notice that business methods may be performed using a computer connected to a network. The Applicant disagrees that it is well known to incorporate a computer network into a method for selling tier-priced commodities bundled with indemnification against losses associated with such purchases. The claimed system increases the efficiency of the system in several respects beyond mere automation of the process. The system offers incentives to both buyers and sellers, maximizing the efficiency of the transaction and minimizing transaction costs as described in the response to claims 1 through 6, above. The

Applicant therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

As to the Examiner's rejection of claim 10 with regard to claim 9, the Applicant asserts that the Examiner failed to make out a case of obviousness with regard to claim 9. Claim 10 is therefore allowable.

The Examiner rejected claim 11 after taking Official Notice that insurance policies are written with the needs of the customer in mind. The Applicant disagrees that customized financial instruments to protect against losses within the context of purchasing tier-priced commodities from a computerized network are well known.

The Applicant disagrees that the observations Officially Noticed by the Examiner, even if proven accurate, would render claim 11 obvious. In the system recited in claim 11, the customer receives the benefit of direct price comparison of both the customized financial instrument and the tier-price commodity from multiple vendors, thereby allowing a convenient method to minimize both cost and risk in a single transaction. The insurance provider obtains the benefit of access to multiple similarly-situated buyers drawn to the system by the benefits detailed above. By providing a market of many buyers who have similar insurance requirements, the insurance provider minimizes the amount of customization required between individual customers, thereby minimizing transaction costs while maximizing its potential customer base. The Applicant therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

The Examiner rejects claim 12 on the same grounds as the rejections of claims 1-11. The Applicant traverses this rejection on the same grounds as stated in the responses to those claims

and therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

In support of the rejection of claim 13, the Examiner takes Official Notice that customers prefer to pay the lowest price and that several sources exist from which to buy a given commodity. The Applicant does not agree that it is well known for customers to find multiple offers to sell from several different competing suppliers from a single source simultaneously offering indemnification to protect against losses associated with the purchase of said commodities. Further, the power industry was regulated until very recently. This deregulation still has not produced totally open competition. The subject invention aids in producing competition not yet present by lowering entry barriers by allowing new sellers to offer more competitive prices.

Further, even if the Noticed observations were demonstrated to be accurate, the Applicant disagrees that it would render obvious a single integrated system allowing a customer to simultaneously review competing offers to sell tier-priced commodities from multiple suppliers while at the same time allowing the customer the option of purchasing a financial instrument to protect against losses associated with the purchase of said commodities.

The claimed system offers the benefits of convenience and efficiency by allowing multiple transactions from a single source, while ensuring that the customer minimizes both the cost and risk of the transaction. The Applicant therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

Claim 14 was rejected as obvious after the Examiner took Official Notice that several customers exist in a commodity market and that each seeks to minimize its costs. Even if the Noticed observations were proven accurate, the Applicant disagrees that it would render obvious the claimed system which brings together multiple buyers and multiple sellers, thereby facilitating a more efficient market for the specific tier-priced commodity. The claimed system offers the additional benefit of offering said commodities with optional indemnification against certain losses associated with the purchase said commodities. By bundling the commodities with insurance, the buyer obtains the benefit of convenient, efficient and accurate comparison of the entire cost associated with the purchase. The claimed system maximizes the amount of information available from a single source, maximizes the competition from available sellers, and minimizes both cost and risk. The seller obtains the benefit of a greater pool of potential purchasers drawn to a single site by the benefits offered by the unique system. These benefits clearly differentiate the system from those of the prior art and therefore establish claim 14 as nonobvious. The Applicant therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

The Examiner rejected claim 15 as obvious after taking Official Notice that a) sellers receive bids from multiple buyers in commodity trades and auctions, b) that brokerage firms transfer contract rights to customers, and c) that sellers seek to maximize profits. The Applicant disagrees with the Examiner's assertions because it is not known for commodity sellers, seeking to maximize profits, to accept bids from multiple buyers while allowing a broker to transfer contract rights to customers within a system in which these contract rights include indemnification against losses associated with purchases of said commodity. Furthermore, as

previously stated, maximizing profit may not be the seller's motivation. Instead the seller may desire to offer a more competitive price as a new seller that wants to avoid barriers to entry.

The Applicant also disagrees with Examiner's assertions of inherency. It is not inherent in prior art commodities markets for a system to display not only the prices offered by several competing sellers, but to also display the cost of the commodity bundled with indemnification against losses associated with the purchase of said commodity, thus enabling direct comparison of the entire transaction cost.

The Applicant further disagrees that the Examiner's Noticed observations render the claimed system obvious because the system beneficially maximizes the number of customers available to the seller with incentives to the customer as discussed in the response to claim 14. Maximizing the number of buyers available at a single location allows the seller to maximize its profits by ensuring the highest potential selling price while reducing transaction costs by enabling access to all available customers at a single location.

The Applicant also disagrees that it would have been obvious to transfer ownership of the financial instrument from a broker to a buyer. The claimed system would greatly facilitate this process for the broker as well as the buyer. The buyer may be offered the financial instrument at the same time and from the same source as the commodity, allowing direct comparison of competing offers and potential risks, further allowing accurate calculation and comparison of the entire cost and risk associated with multiple alternative transactions. The broker receives the benefit of maximizing the number of potential customers at one site, thus maximizing its profit and minimizing its transaction costs.

The Applicant therefore requests citation to reference or an affidavit by the Examiner in support of this position as required by § 2144.03 and Rule 104(d)(2).

For the reasons stated above, Applicant respectfully requests that the subject application pass promptly to issue.

Dated: December 21, 2000



Respectfully submitted,

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DEC 29 2000  
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